



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

June 28, 2021

Ms. A. Shonta Dunston, Interim Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. E-7, Sub 1249

Dear Ms. Dunston:

The purpose of this letter is to provide the Commission with the results of the Public Staff's review of the costs of the portfolio of demand-side management and energy efficiency (DSM/EE) programs (program costs) of Duke Energy Carolinas, LLC, (DEC or the Company), incurred during the 12-month period ended December 31, 2020 (test year).

In his testimony filed on May 10, 2021, Public Staff witness Maness stated that the Public Staff's investigation included a review of the Company's filing, relevant Commission proceedings and orders, and workpapers and source documentation used by the Company to develop the proposed DSM/EE billing factors. The review included the selection and evaluation of samples of source documentation for test year program costs included by the Company for recovery through the DSM/EE Riders. Evaluation of these samples was intended to test whether the actual costs included by the Company in the DSM/EE Experience Modification (EMF) billing factors were valid costs of approved DSM and EE programs. In his testimony, Mr. Maness did not recommend any adjustments to test year program costs. However, Mr. Maness stated in his testimony that the Public Staff was continuing to review certain Company responses to data requests, including documentation of costs selected for review in the Public Staff's samples,

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and once this review was complete, the Public Staff would file any findings not already set forth in testimony.

Mr. Maness also testified that the Public Staff had identified one matter of concern within test year program costs, related to the overarching concerns that the Public Staff was expressing about DEC's "FinditDuke" referral channel (see testimonies of Public Staff witnesses Williamson and Maness). Specifically, Mr. Maness was concerned that with regard to test year costs associated with the production of a "FinditDuke" video advertisement, the Public Staff could find no evidence that any of the costs had been charged to non-DSM/EE accounts, creating the appearance of a mismatch between the broad purpose of the "FinditDuke" program and the DSM/EE-only accounting treatment of the video production costs. Mr. Maness thus recommended that the Company refine its referral channel accounting to also properly assign, apportion, or allocate costs to DSM/EE and non-DSM/EE efforts, working in conjunction with third party vendor-managers where appropriate.

The Public Staff has now completed its review of test year program costs and has found no material differences between the program costs as filed by the Company and the costs as reflected in the supporting documentation examined. As a result of its review, the Public Staff is of the opinion that the Company has done a good job overall preventing inappropriate costs from being recorded as DSM/EE program costs. With specific regard to the revenues and costs associated with the "FinditDuke" referral channel, on May 26, 2021, after the filing of the Company's Rebuttal Testimony on the matter, the Public Staff filed a letter with the Commission stating that it and DEC have agreed to work to resolve the identified "FinditDuke" issues in the coming months, and to report on these efforts in their testimony filed in the 2022 DSM/EE Rider proceeding.

Based on the completion of its review, the Public Staff recommends that the Commission approve the DSM/EE forward-looking and EMF billing factors as set forth in the Rebuttal Testimony and Exhibits of DEC witnesses Shannon R. Listebarger and Robert P. Evans, filed in this proceeding on May 20, 2021.

Sincerely,

Electronically Submitted
/s/ Lucy E. Edmondson
Staff Attorney
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cc: Parties of Record